

SENATE BILL NO. 498

INTRODUCED BY BLACK, BALES, L. JONES, WITT

A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE LIMIT TO \$400,000 FOR A LOAN TO A PRIVATE PERSON THAT IS NOT A WATER USERS' ASSOCIATION OR DITCH COMPANY AND \$3 MILLION FOR A LOAN TO A WATER USERS' ASSOCIATION OR DITCH COMPANY FROM THE RENEWABLE RESOURCE GRANT AND LOAN PROGRAM STATE SPECIAL REVENUE ACCOUNT OR THE RENEWABLE RESOURCE LOAN PROCEEDS ACCOUNT; AND AMENDING SECTION 85-1-613, MCA; AND PROVIDING A TERMINATION DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 85-1-613, MCA, is amended to read:

"85-1-613. Limits on loans. (1) A loan to a private person that is not a water users' association or ditch company organized and incorporated pursuant to Title 85, chapter 6, part 1, or Title 35, chapter 1, part 2, for a renewable resource grant and loan program project may not be made from the renewable resource grant and loan program state special revenue account or the renewable resource loan proceeds account if the loan exceeds the lesser of ~~\$200,000~~ \$400,000 or 80% of the fair market value of the security given for the project. In determining the fair market value for the security given for a loan, the department shall consider appraisals made by qualified appraisers and other factors that it considers important.

(2) A loan to a private person that is a water users' association or ditch company organized and incorporated pursuant to Title 35, chapter 1, part 2, or Title 85, chapter 6, part 1, may not be made from the renewable resource grant and loan program state special revenue account or the renewable resource loan proceeds account if the loan would exceed the lesser of ~~\$300,000~~ \$3 million or an amount representing the annual debt service on the loan that would exceed 80% of the annual net revenue of the system that would be pledged for payment of the loan. In determining the amount of annual net revenue that may be pledged for payment of the loan, annual expenses for operation and maintenance must be subtracted from the gross revenue of the system.

(3) A loan to the state, a local government, or a tribal government for a renewable resource grant and loan program project may not be made by the department from the renewable resource grant and loan program

1 state special revenue account or renewable resource loan proceeds account if the loan exceeds the lesser of
2 \$200,000 or the project sponsor's remaining debt capacity.

3 (4) The period for repayment of loans may not exceed 30 years.

4 (5) The interest rate at which loans may be made under this part must be sufficient to:

5 (a) cover the bond debt service for a loan; and

6 (b) establish and maintain a loan loss reserve fund to be used for bond debt service if a loan loss
7 occurs.

8 (6) A loan made under this part may not be used for the cost of operation and maintenance of a project."
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10 NEW SECTION. SECTION 2. TERMINATION. THE AMENDMENT TO 85-1-613(2) TERMINATES JUNE 30, 2007.

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